



House of Representatives

General Assembly

File No. 157

January Session, 2003

Substitute House Bill No. 5371

House of Representatives, April 2, 2003

The Committee on Banks reported through REP. DOYLE of the 28th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING ELIGIBILITY FOR MORTGAGE FINANCING FOR INDIVIDUALS SERVING IN THE MILITARY RESERVES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-737 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2003*):

3 (a) No financial institution and no federal bank shall discriminate,
4 on a basis that is arbitrary or unsupported by a reasonable analysis of
5 the lending risks associated with the applicant for a given loan or the
6 condition of the property to secure it, in the granting, withholding,
7 extending, modifying, renewing or in the fixing of the rates, terms,
8 conditions or provisions of any home purchase loan, home
9 improvement loan or other mortgage loan on one-to-four-family
10 owner-occupied residential real property, solely because such property
11 is located in a low-income or moderate-income neighborhood or
12 geographical area, provided it shall not be a violation of this section if
13 the home purchase loan, home improvement loan or other mortgage

14 loan is made pursuant to a specific public or private program, the
15 purpose of which is to increase the availability of home purchase
16 loans, home improvement loans or other mortgage loans within a low-
17 income or moderate-income neighborhood or geographical area in
18 which such investment capital has generally been denied.

19 (b) If a member of any reserve component of the armed forces of the
20 United States, as defined in section 27-103, or a member of the
21 National Guard, is called into active duty after submitting an
22 application to a financial institution or federal bank for a home
23 purchase loan, home improvement loan or other mortgage loan on
24 one-to-four-family owner-occupied residential real property and
25 before the financial institution or federal bank makes a determination
26 on the application, such financial institution or federal bank shall
27 maintain the application on file. If such applicant, upon return from
28 active duty, submits a statement to the financial institution or federal
29 bank verifying that there has been no material change in the
30 applicant's income, assets, debts and employment, the financial
31 institution or federal bank shall finalize processing of the loan
32 application in accordance with the same terms and conditions that it
33 made available to the applicant at the time of application, provided the
34 financial institution or federal bank shall offer to the applicant any
35 different terms and conditions that the financial institution or federal
36 bank is offering to the public at the time of the applicant's return from
37 active duty.

This act shall take effect as follows:	
Section 1	July 1, 2003

BA *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note**State Impact:**

Agency Affected	Fund-Type	FY 04 \$	FY 05 \$
Banking Dept.	BF - None	None	None

Note: BF=Banking Fund

Municipal Impact: None

Explanation

The bill affects the granting of mortgage terms in certain cases and does not result in a fiscal impact on the state.

OLR Bill Analysis

sHB 5371

***AN ACT CONCERNING ELIGIBILITY FOR MORTGAGE FINANCING
FOR INDIVIDUALS SERVING IN THE MILITARY RESERVES*****SUMMARY:**

This bill requires financial institutions and federal banks to maintain on file the mortgage applications of members of the U.S. armed forces reserves and National Guard members who are called into active duty after submitting an application but before the financial institution or federal bank makes a determination on it. If an applicant returns from active duty and submits a statement that there has been no material change in his income, assets, debts, or employment, the bill requires the financial institution or federal bank to finish processing the loan application in accordance with the same terms and conditions made available to the applicant at the time of his initial application. The bill also requires the financial institution or federal bank to offer to the applicant any different terms and conditions it is offering to the public when the applicant returns from active duty. The bill applies to applications for home purchase loans, home improvement loans, and other mortgage loans on one-to-four family, owner-occupied, residential real property.

EFFECTIVE DATE: July 1, 2003

COMMITTEE ACTION

Banks Committee

Joint Favorable Substitute

Yea 19 Nay 0